

The Erosion of Racial Equality in the Context of Cuba's Dual Economy

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ABSTRACT

Scholars of Cuba have long linked Afro-Cubans' fate to the revolutionary government. As the government's influence on people's daily lives has declined over the past decade, the question arises of whether Afro-Cubans have sustained the gains they achieved in the revolution's first 30 years. This article uses survey data, collected in December 2000 from 334 Cuban families in Havana, to assess the impact of the post-1993 economic reforms on rising racial inequality in Cuba. It asks whether racial inequities occur in accessing dollars through state employment, self-employment, or remittances, and whether educational gains are tied to higher income. Results indicate that the structural means through which racial discrimination was once virtually eliminated through equal access to education and employment, and through which income levels became equalized according to educational level regardless of racial group, has lost its equalizing force in contemporary Cuba.

Cuba's 1993–95 economic restructuring formalized a dual economy and created a restricted market opening. In its wake, social differentiation between those who have access to hard currency (U.S. dollars, Euros) and those who do not has gradually eroded many of the gains of the Cuban revolution, which had tended to minimize social difference in Cuban society. Changes in the post-Soviet Cuban economy have resulted in heightened social differentiation among groups distinguished not only by race, but also by age and gender. The social ripple effects that emanate from integration into the neoliberal world economy have been felt by historically marginalized groups not only in Cuba but throughout the periphery. This article uses empirical data to explore in depth the social repercussions of post-Soviet economic reforms in Cuba; specifically, how much the dual economy has affected gains in income equality that Afro-Cubans achieved in the first three decades after the revolution.

As Cuba continues to recover from a foreign trade shock caused by the demise of the socialist trading bloc in the early 1990s (Monreal 1999a), economic reforms have limited the government's power to influence racial equality. An economy that was very dependent on external trade (at favorable rates) with the Soviet bloc countries was suddenly forced to reorient itself to the globalized capitalist world market (Brundenius 2002; Leogrande and Thomas 2002; Mesa-Lago 2000; Monreal

2002). After approximately three years of economic decline and reliance on survival strategies, Cuban policymakers between 1993 and 1995 made dramatic structural changes that successfully halted the downward spiral but deeply compromised the government's commitment to social equality. Cuba has slowly relinked its economy to the world market through dollarization (the 1993 legalization of the U.S. dollar and creation of a dual economy) and a reliance on hard currency from remittances and international tourism. Cuba's gradual approach to reincorporation into the capitalist world system has allowed it to maintain most of the social programs that have become hallmarks of the Cuban revolution, such as free and universal health care and education (Jatar-Hausmann 1999). The growing social divide, however, driven principally by access to dollars, has gradually eroded many of the socioeconomic gains made during the first three decades of the socialist period.

On November 8, 2004, the Cuban government began accepting only its own dollar-equivalent currency, the convertible peso (CUC), for the purchase of goods in government "dollar stores," for bank deposits in dollar accounts, and for any other official purchase (Peters 2004). The convertible peso remains pegged to the dollar, leaving the fundamental problems of Cuba's dual economy unaffected. Dollar-equivalent salaries are now paid in convertible currency, and dollars received from remittances or foreign tourists must be changed to convertible pesos, with a 10 percent surcharge for converting U.S. dollars. This policy change does not represent a true "dedollarization" (that is, monetary policy establishing a truly convertible peso that would work in domestic and international commerce); instead, it is an attempt to reduce the ability of the United States to interfere with the flow of hard currency to Cuba, especially its restrictions on foreign banks that handle the cash in dollars that Cuba obtains from tourism and remittances (Peters 2004; Ritter 2004).

The restructuring of the economy has created new social divisions that, due to enduring racial prejudices in Cuban society, are reconstituting racial hierarchies that three decades of socialism were unable to eliminate. Because race is considered a divisive topic, and racism a problem that had been automatically eliminated along with capitalism in the early years of the socialist revolution, the new material manifestations of racial discrimination have not been directly addressed by the revolutionary government. Rather than directly combating individual and institutional racism through legislation and public debate, the government has relied on socialist mechanisms of social justice to solve its "race problem." As the structural changes that brought increasing equality to Cuban society throughout the socialist period are undermined by market intrusions, however, the gains achieved by Afro-Cubans in the first three decades of the revolution are increasingly threatened.

This article uses empirical data from Havana to examine how access to the dollar economy, in the context of a dual economy and continuing racial prejudices, has unevenly benefited whites to the disadvantage of blacks and mulattos. After reviewing the socialist government's efforts to increase racial equality in Cuba, this study analyzes the data from a survey of 334 households conducted in December 2000 (hereafter called the 2000 Havana Survey; for details see the appendix) to explore the extent to which racial inequities exist in access to dollars through state employment, self-employment, the informal economy, and remittances. It examines each employment sector, including the dollar earnings in each sector, to determine the source of higher wages for whites and mulattos, and whether these differences by racial group can be attributed to uneven access to the dollar economy.

HISTORICAL RACE RELATIONS IN CUBA

Cuba's national identity is that of a mulatto or mestizo nation—composed primarily of a mixture of Spanish colonizers and African slaves. Young Cubans refer to their Spanish and African origins with a normality and dignity that is unheard of in other nations with a long history of African slavery. Cubans today are also descendants of more recent Spanish, Chinese, Jamaican, Haitian, and other immigrants who migrated to the island during the first half of the twentieth century.

In the revolutionary period (1959–present), however, immigration to the island has all but halted, and the mulatto identity has solidified. Cuba was historically known as the “white” island in the Caribbean, based both on actual numbers and on the island elite's desire for a progressively “whiter” Cuba. The last published census data on race in Cuba (1981) reported 34 percent of Cuba's population as black or mulatto and 66 percent as white (de la Fuente 2001). However, the growth of the black and mulatto population in the last half-century, due to white emigration and racial mixing, is widely acknowledged (Casal 1989; Segal 1995). Other estimates of Cuba's racial mixture claim a much higher percentage for the black and mulatto population. The *CIA World FactBook* (2006) reports 62 percent black or mulatto, 37 percent white, and 1 percent Chinese. The identification of *cubanidad* (“Cubanness”) with Spain and Africa, regardless of actual numbers, has a history that goes back to the creation of an independent Cuban nation at the turn of the twentieth century.

One of the last countries to abolish slavery (in 1886), Cuba had practiced slavery since the sixteenth century. The fight for independence from Spain (1868–78, 1895–98) merged with the fight for the abolition of slavery, and the important role played by black and mulatto leaders in the fight for independence combined with the rhetoric of national heroes

such as José Martí (1853–1895) to elevate national identity above racial divisions. “Cuba,” Martí declared in a famous writing, would be an egalitarian and inclusive republic “with all and for all” (quoted in de la Fuente 2001). This nationalist rhetoric was translated into political reality in 1901 when the Cuban Constitution granted men of every race the right to vote. This expression of racial equality emerged in contradiction to U.S. hegemony present during the early republic, which unwaveringly advocated policies of segregation and racial hierarchy.

Still, the national rhetoric of racial equality was clearly a goal and not a reality at the dawn of independence in 1902, as blacks and mulattos lagged far behind in indicators of equality, such as income, education, health care, labor market status, and housing (Casal 1989; de la Fuente 2001). Labor migration from Spain and other Caribbean countries made competition for well-paying jobs intense in the cities and lowered wages on the sugar plantations. U.S. and other foreign-owned companies gave preference to white and foreign workers. Even though Afro-Cubans took great advantage of public schools, prestigious secondary schools—often foreign-run—were racially segregated and closed to blacks. Political connections and membership in segregated social clubs were critical to gaining professional or political appointment, and most of these avenues were closed to black and mulatto Cubans. Even mulatto president Fulgencio Batista was denied membership in the exclusive Havana Yacht Club during his 1940–44 term (Casal 1989).¹ Afro-Cubans were thus significantly underrepresented in professional jobs and overrepresented in the lowest-paying sector throughout the republican period (1902–58).

The colorblind essence of Cuban national identity dominated national politics in different forms throughout the nation’s history. Since its birth as an independent nation, discussion of racism or racial inequality in Cuba has been considered an affront to national unity—divisive, dangerous, and unnecessary (de la Fuente 2001, 3). During the republican period, racial inequality was mostly kept out of national debates because of the “myth of racial democracy,” otherwise known as “Latin American exceptionalism,” which contended that differences between the races do not exist; any observed racial inequalities supposedly reflected individual inferiority (Sawyer 2005).

Striving Toward Racial Equality

This prevailing attitude that a “racial problem” did not exist in Cuba was given a new twist after 1959. Under the revolutionary government, racial discrimination and racial inequality were tied to the inherent inequality of the capitalist economic system and the pre-1959 bourgeois elite. Then–prime minister Fidel Castro elevated the issue of racial inequality to a level previously unheard of in Cuban government by naming racial dis-

crimination as one of the main battles to be fought by the revolution. In the early stage of that revolution (March 1959), Castro addressed the issue of racial discrimination publicly in a speech at the Presidential Palace.

One of the battles which we must prioritize more and more every day . . . is the battle to end racial discrimination at the workplace. . . . There are two types of racial discrimination: One is the discrimination in recreation centers or cultural centers; the other, which is the worst and the first one which we must fight, is racial discrimination in jobs. (Quoted in Casal 1989, 478)

The first three years of the revolution (1959–61) were an intense period of socialist economic restructuring, during which revolutionary leaders implemented radical reforms designed to remove class privilege and provide equal opportunity, and spoke out against racial discrimination in Cuban society. Policies that benefited the poor and the working class and cut across all social sectors (for example, labor, education, housing, and social security) had an important indirect racial effect. Historically the most oppressed and with the most to gain, blacks benefited more than any other racial group. The egalitarian and redistributive measures implemented from 1959 to 1962 assured equal access to jobs, education, and social facilities.

A major focus of the battle against discrimination was employment (Casal 1989; de la Fuente 2001; Moore 1991). The new government created a Ministry of Labor through which all new employees would be hired. Rather than advocating a legal solution through the implementation of antidiscrimination laws, as promoted by many Afro-Cuban leaders, the new government adopted a gradual, nonconfrontational approach. Though color-blind in theory, in practice the National Registry of Employees, created in early 1960, gave hiring preference to those who had the greatest family need and lowest income, with disproportional benefit to the poorest, among whom blacks were overrepresented. The gradual nationalization of all foreign and domestic industries in the 1960s, moreover, led many of Cuba's skilled workers and professionals to emigrate, allowing Afro-Cubans the opportunity to assume those positions (de la Fuente 2001).

In an action of large symbolic importance to the black and mulatto population, racial barriers in both the social and labor spheres were lifted in the first years of the revolution. All beaches were declared public property open to all races; parks were remodeled to do away with a segregated layout; and exclusive (segregated) social clubs were expropriated by the state and converted into social centers for workers.

In addition to implementing these reforms, Castro called for a public debate about racism as part of a second speech in March 1959. In response, the University of Havana and local governments through-

out Cuba organized academic forums and public lecture series addressing racial discrimination and national integration. The revolutionary press published long interviews with well-known intellectuals supporting Castro's speeches, and writers published dozens of articles debating the origins and solutions for racial discrimination (de la Fuente 2001).

Only three years later, however, the government sought to silence the evolving debate on racism, discrimination, and prejudice, declaring that racial discrimination had been eliminated and was no longer a necessary topic of debate. In February 1962, the Second Declaration of Havana asserted that, among other successes, the revolution had "eradicated discrimination because of race or sex" (de la Fuente 2001, 279). The government tied racism and racial discrimination to the capitalist elite, who had emigrated to Miami, and to the country's previous governments, officially making it a nonissue in Cuba. The revolution had solved Cuba's race problem, making racism and discrimination a thing of the past. Further discussion would only be socially divisive. The initial campaign against discrimination was replaced by an official silence on the issue, eventually converting race into a taboo subject (de la Fuente 2001). By adopting a revolutionary ideal in which racial discrimination was counterrevolutionary and declaring that the revolution had solved the problem, the government made it no longer possible to address race as a topic of discussion or study.

Impressive gains in racial equality were achieved under the post-1959 reforms. Using the 1981 census as a benchmark, in two decades, blacks and mulattos made significant gains in education and health care and in obtaining more professional and managerial jobs (de la Fuente 2001). Cuba's racial equality in these areas exceeded similar numbers in the United States and Brazil, where gaps in racial equality remained prominent (de la Fuente 1998). By 1981, equal levels of whites, blacks, and mulattos were graduating from high school and university. Life expectancy and the infant mortality rate had improved for the entire population, with only a slight white-nonwhite gap (of one year for life expectancy). The 1981 census also revealed that an equal percentage of blacks, whites, and mulattos worked in professional jobs (22 percent).

Challenges in Eliminating Racial Discrimination

In spite of those significant gains, a certain degree of institutional discrimination continued to exist; prejudiced gatekeepers were still able to maintain a "glass ceiling" for Afro-Cubans and women. In the absence of affirmative action legislation and in the context of race as a taboo subject, victims of this type of race or sex discrimination had little recourse.

In areas that were not targeted by government reforms and spending, such as housing quality or racial profiling by police, racial inequal-

ity persists today. Urban neighborhoods with the worst housing conditions and the worst reputations for criminality have high proportions of black and mulatto residents. Afro-Cubans are also more likely to live with extended families, crowded into small, dilapidated living spaces. Today, these poor housing conditions have limited many black and mulatto families in taking advantage of some of the more profitable forms of self-employment; namely, renting out rooms or starting private restaurants that cater to tourists. In Havana, furthermore, those families who were able to move out of their dilapidated housing generally relocated to Soviet-style block apartments on the outskirts of the city, remote from tourist areas. Racial stereotypes about black criminality abound in Cuba, and the vast majority of Cuban prisoners are black, despite the equalization of class differentiation normally associated with crime. The significant achievements in racial equality are therefore in precisely those activities in which the government has invested large amounts of resources, in a sense tying racial equality to the successes of the revolutionary government (de la Fuente 2001).

There are worrisome indicators in Cuban society that private prejudices are increasingly being converted into public discrimination, with real material consequences for black and mulatto Cubans. Rather than force the issue through legislation and social debate, the revolutionary government relied on the desegregation of social spaces, racial integration of schools and workplaces, and an antiracist, communist morality to eliminate Cuba's "racial problem." This strategy, however, left racist attitudes and beliefs to flourish in private spaces, where, 40 years later, racial prejudices continue to affect social relations at all levels. The official silence on race ultimately contributed to "the survival, reproduction, and even creation of racist ideologies and stereotypes in a society which was still far from being racially equal, particularly in the Revolution's early years" (de la Fuente 1998, 8).

Racist attitudes and prejudices have become more open as the revolutionary taboo against racism has become less influential. A 1994 survey conducted on the island revealed that a majority of whites in Cuba opposed interracial marriages and considered blacks to be less intelligent and lacking the same "values" and "decency" as whites (de la Fuente 1998). The restructuring of the economy (particularly the creation of a dual economy) also has opened new public spaces for racism and discrimination to thrive.

EFFECTS OF THE POST-SOVIET ECONOMIC CRISIS

Many of the gains in structural racial equality, closely tied to government initiatives aimed at the poor and the working class, have declined with

the rise of economic crisis and subsequent economic restructuring, which have left progressively more of Cuba's economy out of direct government control. The ongoing economic crisis, which began with the collapse of the Soviet Union, has limited the state's ability to distribute goods and services to the population.

Opening the Cuban economy to foreign investment has further distorted the government's original goals of equitable employment opportunity and earnings. While foreign companies officially must hire through a Cuban employment entity, a March 1996 government resolution included a measure of "suitability" (*idoneidad*) in its criteria for selecting and dismissing workers, which has led to allegations of political cronyism (Pérez-López 2004). The unauthorized practice of hiring Cuban employees directly, outside the system, also has led to allegations of racial discrimination (de la Fuente 1998; Saney 2004). The president of the Guitart Group, a Spanish company that manages several joint-venture hotels in Cuba, was quoted as saying that his group had "complete autonomy to select, hire, and, when necessary, fire the hotel's employees" (quoted in de la Fuente 1998). Persistent testimonials, as well as the visible absence of Afro-Cubans in tourist establishments, suggest that hotel managers prefer to hire white Cubans and that blacks have been targeted in the downsizing of the labor force (*rationalización*) (de la Fuente 1998; Saney 2004). Black and mulatto Cubans therefore must confront the prejudices of both Cuban managers and foreign investors and their management personnel (de la Fuente 1998). While the government remains committed to racial equality in its discourse (Saney 2004), once again, a lack of affirmative action legislation and public debate has limited the channels through which Afro-Cubans can protest racial discrimination at the personal or institutional level.

Racial discrimination at a personal level, with tangible results—such as barring darker-skinned Cubans from desirable jobs—has been documented in several qualitative studies conducted on the island (de la Fuente and Glasco 1997; Sawyer 2005). Jorge (a pseudonym), a 32-year-old white engineer interviewed in 2001, expressed a common sentiment when he spoke of "dynasties" in certain kinds of work,

where neither blacks nor poor people can enter. For example, tourism, a few specialized art schools, and international relations are areas where only whites can enter; blacks are destined fundamentally to sports, folkloric culture, and military schools. This determines the people [functionaries] that one finds in these places, even though it's not legal. Everything is done very subtly. (Jorge, interview, Havana, July 28, 2001)

Claims by Cuban managers that foreigners feel "more comfortable" working with lighter-skinned Cubans or a requirement of "good [physi-

Table 1. Racial Distribution of the Sample Population

White		Mulatto		Black		Total	
399	54%	192	26%	142	19%	733	99%

Individual data, adults 18–65. Racial categories according to subjects' self-identification. Source: 2000 Havana Survey.

call presence” are used to exclude Afro-Cubans from many good state jobs that pay partly in hard currency (McGarritty and Cárdenas 1995; Pérez Sarduy 1998).

The empirical data in this study allow an exploration of the dimensions of rising racial inequality at the structural level in the restructured Cuban economy, as the original means of combating discrimination have become increasingly less effective. Using the 2000 Havana Survey population as a preliminary indicator, do all racial groups in Cuba enjoy equal opportunity to achieve higher education, professional jobs, and higher real incomes in the new mixed economy? Has the introduction of the dual economy led to a disparity in standards of living in spite of gains in education and professional employment?

STUDY RESULTS

Using racial categories common to Cuba, interviewees were asked to classify themselves and each family member as *blanco* (white), *trigueño* (olive-skinned), *mestizo*, *mulato*, *jabao* (mixed-race), or *negro* (black). Given the inherent subjectivity of race and the socially constructed nature of racial definitions, race is a slippery social category to quantify in the Cuban case. A light-skinned person of both Spanish and African descent may alternatively self-identify as *trigueño*, *mestizo*, or *mulatto*, depending on the context and on who is asking.

For simplicity in the discussion, the study grouped people identified as white or olive-skinned as white; those identified as *mestizo*, *mulatto*, or *jabao* as mulatto; and those identified as *negro* as black. Of the 733 adults in the sample population, aged 18 to 65, whose race was identified by the head of the household, 54 percent were white, 26 percent were mulatto, and 19 percent were black (see table 1).

STATE EMPLOYMENT, SELF-EMPLOYMENT, AND THE INFORMAL ECONOMY

There are numerous possible sources of earned income in the post-1993 restructured Cuban economy, and the 2000 Havana Survey classified

them in three categories: state employment, self-employment, and informal income.² Cuban pesos or U.S. dollars (or convertible currency) could be earned in any of these sectors.

State employment signifies the traditional sector in which the great majority of Cubans earn their official income. From March 1968 to September 1993, the Cuban state was the sole employer for Cuban workers (except for a relatively small group of private farmers), who earned their salaries in Cuban pesos according to a standardized wage scale. After the legalization of the U.S. dollar in 1993, however, progressively more Cuban enterprises began to provide incentive bonuses or to pay their workers a small amount in dollars in addition to the established peso salary. While it is not official government policy to provide part of a worker's salary in dollars (or convertible currency), the practice developed with the advent of foreign-invested (joint-venture) companies in Cuba, which supplemented peso salaries to motivate workers and increase productivity (Pérez-López 2004; Peters 1999).

Self-employment (*trabajo por cuenta propia*) signifies income that is earned legally outside the official state payroll. Most recently legalized in 1993, self-employment refers to regulated entrepreneurial activity. Self-employment is restricted to 157 specific types of economic activity (taxis, artisan production, food and beverage sales, plumbing); it excludes professional activities; and it is limited to individual workers who are not employed in the state sector. (For the most part, Cubans cannot both work for the state and have a legal self-employed business on the side).³ Informal income refers to all unregulated or illegal sources of income, including unlicensed self-employment, moonlighting in one's own profession, selling pilfered goods on the black market, or hustling tourists.

In the 2000 Havana Survey, the household head was asked to report earnings, in both pesos and dollars, from state salary, self-employment, or "other activities" (which was then translated as informal income). A follow-up question inquired as to what kind of "other activities" household members engaged in to earn extra income. In the sample of 334 households, household heads reported the monthly incomes of all family members, with a total of 602 working adults (not including retired persons or students).

An examination of income from all sources by racial category provides a first look at whether access to the dollar economy has unevenly benefited whites, to the disadvantage of blacks and mulattos. Table 2 uses four income categories that represent the low-middle, middle-, upper-middle, and highest 10 percent of total salaries, including all sources of income earned in both pesos and dollars.⁴ The table reveals that blacks were proportionally less likely than whites or mulattos to earn in the highest 10 percent category (\$700 to \$5,400 annually). A chi square test was run on the top 10 percent income category to determine

Table 2. Individual Income from All Sources by Racial Category

Individual Income	White		Mulatto		Black		Total	
\$24–\$149	86	49%	47	27%	42	24%	175	100%
\$150–\$231	99	52%	52	27.5%	38	20%	189	100%
\$232–\$699	100	57%	37	21%	38	22%	175	100%
\$700–\$5,400	34	54%	22	35%	7	11%	63	100%
Total	319	53%	158	26%	125	21%	602	100%

Adults 18–65, excluding students, pensioners with no other income, or unemployed (no reported earnings).

Source: 2000 Havana Survey.

whether these income differences by race were randomly distributed or if there was a pattern of preference (that is, a smaller percentage of blacks earning a high income). The test showed that the categories of race and income distinguished as \$699 or less and more than \$699 were significantly different at a 90 percent confidence interval ($P=.073$).⁵

While blacks as a group had slightly more earners in the lowest income category, they were well represented in the middle- and upper-income categories. The absence of blacks in the highest earnings category, however, is striking. In almost every case, the highest incomes were achieved by direct dollar earnings, to which blacks had limited access. Mulattos' overall earnings were somewhat more concentrated in the lower- and middle-income categories, with fewer earners in the higher-income category; but this was compensated by a high proportion of earners in the highest 10 percent category. Whites as a group had incomes spread relatively evenly across all income categories, with somewhat fewer in the lower income category and somewhat more in the highest income categories, including the highest 10 percent.

Much of the racial equality in socialist Cuba was achieved through equal opportunity, guaranteed employment, and standardized salary scales that built in equity based on income; before the recent economic restructuring, the highest-paid workers were paid only 4.5 times as much as the lowest-paid workers (Uriarte 2002). As table 3 illustrates, state employment remained the largest source of official employment for the sample population, especially for blacks and mulattos. Eighty-four percent of all blacks and 81 percent of mulattos had official state employment, compared with only 70 percent of whites. More whites reported to be either unemployed or a housewife (17 percent) than did mulattos (12 percent) or blacks (6 percent). Those classified as unemployed or housewives were often working as full-time informal entrepreneurs (see table 8 below). Formally self-employed workers make up

Table 3. Official Employment Status by Racial Category, Ages 18–65

	White		Mulatto		Black		Total	
Labor Status	55%		25%		20%		100%	
State employee	267	70%	145	81%	117	84%	529	75%
Self-employed	22	6%	4	2%	3	2%	29	4%
Unemployed/ housewife	67	17%	21	12%	8	6%	96	14%
Retired	26	7%	10	5%	11	8%	47	7%
Total	382	100%	180	100%	139	100%	701	100%

Note: A chi square test showed that the categories of race and state employee or not (all other categories combined) were significantly different at a 99 percent confidence interval ($P = .001$).

Source: 2000 Havana Survey.

only 4 percent of our total adult sample, with a higher proportion of whites (6 percent) working as officially registered entrepreneurs than mulattos (2 percent) or blacks (2 percent). Given that state employment was disproportionately the largest employer of blacks and mulattos over whites, an analysis of income equality in that sector has important implications for income equality among racial groups.

State Employment

Table 4 uses five income categories that represent the lowest 10 percent, low-middle, middle-, upper-middle, and highest 10 percent of total state salaries, including both pesos and dollars. Looking first at just the peso salary earnings by racial categories reveals that much of the racial inequality stemming from state salaries came from the additional wage earnings in dollars. Proportionally, there were somewhat more blacks in the lower two income categories (earning the U.S. dollar equivalent of between \$60 and \$139 annually) and somewhat fewer blacks in the highest two categories (between \$186 and \$3,900), with more falling into the middle-income category (\$140 to \$185).

Mulattos were also somewhat overrepresented in the low-middle category, while whites were somewhat overrepresented in the upper-middle income category. In general, the differences were not that great, and the lower percentage of high-income-earning blacks may correspond to the lower percentage of university graduates in that group. Table 4 clearly shows, however, that the majority of state employees who earned in the highest 10 percent category made up most of their high salaries from their dollar income; only 3 percent of all state employees made more than \$350 annually from their peso income alone.

Table 4. Individual Income from State Peso Salary, by Racial Category

	White		Mulatto		Black		Total	
Individual Income	51%		27%		22%		100%	
\$60–\$98	29	11%	13	9%	15	13%	57	11%
\$99–\$139	70	26%	47	33%	35	30%	152	29%
\$140–\$185	74	28%	38	26%	34	29%	146	28%
\$186–\$344	84	32%	40	28%	32	27%	156	30%
\$345–\$3,900	8	3%	6	4%	1	1%	15	3%
Total	265	100%	144	100%	117	100%	526	100%

Adults 18–65, not including retired persons or students.

Note: Peso salaries have been converted to U.S. dollar equivalents, using a 20:1 exchange rate (e.g., \$100 = 2,000 pesos).

Source: 2000 Havana Survey.

The introduction of various payment schemes, which award workers by paying them in hard currency (U.S. dollars or Cuban convertible pesos) as a percentage of their salary or as a periodic incentive bonus, are a seldom-recognized source of income inequality that affects blacks more than whites or mulattos. Of the 526 who earned a salary from state employment, 12 percent (63) earned part of their salary in dollars (tables 4, 5).⁶ Whites and mulattos were more likely to earn part of their state salary in dollars than were blacks (table 5). While black workers in this sample make up proportionally a larger segment of state employees than do either whites or mulattos, only 14 percent of all individuals reporting dollar earnings were black (compared to 22 percent reporting peso earnings). Higher proportions of whites and mulattos earned dollars as part of their official salary. Moreover, while 65 percent of all whites and mulattos who earned dollar salaries earned more than \$20 a month, only a third of the nine black workers earning dollars earned that amount. Thus, not only did fewer blacks earn dollars through state employment, but those who were paid dollars in addition to their peso salaries earned less than did lighter-complexioned Cubans in this sample.

A comparison of two professional couples illustrates the importance of hard currency (dollar) earnings. One young family, a husband, wife, and one-year-old baby, had no dollar earnings. The wife was a 30-year-old black female doctor who earned 525 pesos a month (equivalent to US\$26.25). Her 28-year-old mulatto husband, a store administrator, earned 168 pesos (US\$8.40), for a total of less than \$35 a month, with no dollar bonuses. A second family, with husband and wife both in their forties and two sons aged 17 and 23, did receive part of its monthly income in dollars. The husband, a 48-year-old white naval operator, earned 390 pesos (US\$19.50) and \$50 a month. His 41-year-old mulatto wife, an eco-

Table 5. Individual Salary Earned in Dollars, by Racial Category

	White		Mulatto		Black		Total	
Monthly Salary in Dollars	54%		32%		14%		100%	
\$1–\$10	3	9%	2	10%	0	0%	5	8%
\$10–\$19	9	26%	5	25%	6	67%	20	32%
\$20–\$39	16	47%	6	30%	2	22%	24	38%
\$40–\$300 ^a	6	18%	7	35%	1	11%	14	22%
Total	34	100%	20	100%	9	100%	63	100%

Adults 18–65, not including retired persons or students.

^aMost of the salaries earned in this range fall between \$40 and \$50 a month (\$480–\$600 annually). Six people reported more than \$50 a month, with the two highest official state earnings reported at \$120 and \$300 per month.

Source: 2000 Havana Survey.

nomie planner, earned 265 pesos (US\$13.25) a month, and his 23-year-old *trigueño* son worked in a restaurant in a tourist hotel, earning 295 pesos (US\$14.75) and \$25 monthly. This couple's combined monthly income was the equivalent of \$82.75 a month; the total rose to \$122.50 if the adult son's income was included. While both couples' combined peso income was approximately the same (693 for the first couple and 655 for the second), the extra \$50 a month earned in dollars meant that in reality, the second couple earned more than double that of the first.

The income disadvantage currently experienced by blacks therefore begins with state employment. A combination of lower salaries and fewer dollar earnings has led to overrepresentation in the lowest earning category and underrepresentation in the highest earning category (table 6). Positions that offer part of a worker's monthly salary in hard currency are highly coveted. Lower peso earnings may be attributed to lower educational attainment and professional status, but they may also be related to party loyalty or racial discrimination, both factors that affect promotions in the state enterprise system. One of the study's participants, a 32-year-old mulatto female economist, asserted that "whites are prioritized to take trips to foreign countries, to receive the best classes, to pursue higher degrees, and for better positions at work." A glass ceiling for Afro-Cuban professionals appears to be firmly in place, as indicated by the predominance of white Cubans in high-level positions in state enterprises and in the government.

Self-Employment

Legal self-employment, a lucrative source of income available to only a small percentage of workers, emerges as another source of income

Table 6. Individual Income from State Salary (Pesos and Dollars)
by Racial Category

	White		Mulatto		Black		Total	
Individual Income	51%		27%		22%		100%	
\$60–\$99	28	11%	12	8%	14	12%	54	10%
\$100–\$139	63	24%	40	28%	33	28%	136	26%
\$140–\$186	74	28%	35	24%	37	32%	146	28%
\$187–\$349	69	26%	40	28%	29	25%	138	26%
\$350–\$3,900	32	12%	17	12%	4	3%	53	10%
Total	266	100%	144	100%	117	100%	527	100%

Adults 18–65, not including retired persons or students.

Note: A chi square test showed that the categories of race and annual state salary income (pesos and dollars) of more than \$349 and \$349 or less were significantly different at a 95 percent confidence interval ($P = .028$).

Source: 2000 Havana Survey.

inequality for blacks and mulattos in the sample population. Large sums of money can be earned in this sector, evidenced by the salaries of 34 self-employed workers. The middle-income range for self-employment was \$600 to \$1,200 (or \$50 to \$100 per month), compared to an average middle-income of \$140 to \$185 for state employees (or approximately \$12 to \$16 per month). Whites were overrepresented in legal self-employment: although whites composed 54 percent of the total sample population, 77 percent of all self-employed individuals were white (27 white versus 4 black and 4 mulatto). The 4 black self-employed workers not only earned relatively lower salaries than their mulatto and white counterparts, but none of the 4 earned in dollars.

Earning a self-employed salary in dollars (now convertible pesos) normally implies that one has obtained a license to sell craft goods or to run a restaurant or bed and breakfast from one's home. Earning dollars more directly pushed self-employed workers into higher income categories than earning their income in pesos alone. Self-employment often implies a previous resource reserve that can be drawn on to make the initial investment in starting one's own business. Due to historical disadvantages, Afro-Cubans are less likely to own a private vehicle to drive, such as a taxi, or to have a large home in a tourist neighborhood that they could rent to tourists.

Informal Economy

Anecdotal information indicates that given their exclusion from legitimate avenues to earning dollars (remittances and tourism), blacks and

Table 7. Perceptions of Informal Economic Activity, by Racial Category

Who is More Likely to Hold an Extra Job? ^a	White		Mulatto		Black		Total	
White	11	6.5%	6	6%	9	14%	26	8%
Black	63	37%	29	30%	25	40%	117	36%
No difference	95	56%	62	64%	29	46%	186	56.5%
Total	169	100%	97	100%	63	100%	329	100%

^aThe question in Spanish was worded as follows: En su opinión, ¿cuál grupo es más dado a tener otro tipo de negocio ("luchar")?

Source: 2000 Havana Survey.

Table 8. Workers Engaged in Informal Activities, by Household and Individual Race

	White n = 160		Black n = 137		Mixed n = 37		Total n = 334	
Household	60	38%	55	40%	17	46%	132	40%
	White n = 433		Mulatto n = 195		Black n = 155		Total n = 783	
Individual (total)	86	20%	43	22%	36	24%	165	21%
Part-time	57	66%	32	74%	32	89%	121	73%
Full-time	29	34%	11	26%	4	11%	44	27%

Note: A chi square test showed that the categories of race and individual informal earnings, part-time or full-time, were significantly different at a 95 percent confidence interval ($P = .036$).

Source: 2000 Havana Survey.

mulattos have disproportionally turned to illegal means of acquiring extra income, such as prostitution or hustling. The 2000 Havana Survey allows an analysis of racial difference in participation in the informal economy to examine these assumptions, including not only participation in the informal economy but the kind of informal activity reported.

There is a common perception in Cuba that blacks are more likely to engage in informal activities than are whites—a perception that is fairly consistent across racial groups (table 7). While the majority of the interviewees (56.5 percent) felt that race did not affect one's propensity to have an extra job on the side, more than a third of the respondents (36 percent) felt that blacks were more likely to struggle (*luchar*) for extra income than were whites.

Earning supplemental income from informal activities was widespread among the sample population, and did not differ greatly among

racial groups (table 8). Thirty-eight percent of white households and 40 percent of black households candidly reported informal income from some type of "other" income source. At the individual level, 165 people, or 21 percent of the entire surveyed population, reported "other activities" as a source of income, and many more stated that they engaged in some kind of "other activity" without reporting income from that source. At the individual level, whites (34 percent of all individuals who reported informal income) were much more likely than blacks (11 percent) to engage in full-time informal activities (that is, to have no other income source). Blacks (89 percent), more than mulattos (74 percent) or whites (66 percent), were more likely to undertake part-time informal activities in addition to other employment or pensions.

In contrast to state salaries and self-employment, the informal economy proved to be a sector where blacks and mulattos were able to earn high incomes, and at rates approximately even with whites (table 9). Even in the unregulated informal sector, whites continued to have more access to dollar earnings, but the differences were not as great as in the state employment or regulated self-employed sectors (table 10).

The unregulated informal sector, however, is inherently unstable, and does not provide worker protections, as the following case illustrates. Dolores, a 54-year-old black woman with a primary education, had worked in a string of janitorial jobs until she heard of an opportunity to work in a beach home rented out to tourists by its Cuban owner. The job, which involved working 10 to 12 hours a day cooking and cleaning for tourist guests, paid 400 pesos (US\$20) and \$20 a month but depended on her continuing good relationship with the homeowner and a steady supply of tourists. Diego, the white homeowner, had exchanged his apartment in a desirable part of Havana for this property, and lived with his wife in a large home she had inherited from her parents, while earning rental income from the beach home. Although Dolores was able to earn a much higher salary than she had earned in the formal sector, this case also illustrates Diego's ability to draw on previous assets for his own self-employment income, which was considerably higher than what he paid Dolores.

An examination of the types of informal activities undertaken does reveal some differentiation by race. In this sample population, whites appeared to engage more frequently in "tolerated" informal (unlicensed) activities, such as providing services (carpentry, house cleaning, barber), while blacks and mulattos were slightly more likely to engage in riskier (illegal) activities, such as selling misappropriated goods or hustling (table 11).⁷ All groups were equally likely to make and sell food or artisan goods. Although the hustlers are by far the group of "informal entrepreneurs" most visible to foreign tourists, to the extent that the 2000 Havana sample population may reflect patterns in the larger population,

Table 9. Annual Individual Income from Informal Activities,
by Racial Category

	White		Mulatto		Black		Total	
Annual Informal Individual Income, Pesos and Dollars	52%		26%		22%		100%	
\$12–\$40	8	10%	2	5%	2	6%	12	8%
\$41–\$120	18	23%	14	35%	9	26%	41	27%
\$121–\$300	24	30%	5	13%	13	38%	42	27%
\$301–\$1,199	19	24%	15	38%	8	24%	42	27%
\$1,200–\$4,800	11	14%	4	10%	2	6%	17	11%
Total	80	100%	40	100%	34	100%	154	100%

Adults 18–65.

Source: 2000 Havana Survey.

Table 10. Annual Individual Income from Informal Activities
in Dollars, by Racial Category

	White		Mulatto		Black		Total	
Annual Informal Individual Income, Earned in Dollars	63%		18%		18%		100%	
\$12–\$40	4	13%	0	0%	0	0%	4	8%
\$41–\$120	11	35%	1	11%	3	33%	15	31%
\$121–\$300	4	13%	3	33%	4	44%	11	22%
\$301–\$1,199	6	19%	3	33%	0	0%	9	18%
\$1,200–\$4,800	6	19%	2	22%	2	22%	10	20%
Total	31	100%	9	100%	9	100%	49	100%

Adults 18–65.

Source: 2000 Havana Survey

hustling is a relatively small means by which blacks (or any group) earn extra income.

Blacks, and to a lesser degree mulattos, were clearly at a disadvantage relative to whites in their access to the dollar economy, resulting in lower levels of income. In all three sectors examined here—state employment, self-employment, and the informal economy—whites consistently reported higher earnings in dollars, which boosted a percentage of this group's total earnings into a new category of high earnings. Fewer blacks earned dollars through their state employment, denying them an income source that is critical to a heightened standard of living in Cuba's present mixed economy. The lucrative self-employed sector

Table 11. Type of Household Informal Activity by Racial Category

Type of Informal Activity	White n=87		Black n=70		Total ^b n=184
Private services	39	45%	25	36%	75
Food/artisan sales	21	24%	17	24%	43
Sale of misappropriated goods	25	29%	23	33%	57
Other ^a	2	2%	5	7%	9

^aReported as hustling, lottery, or "illegal activities."

^bCategories do not total 100% because "mixed" households are excluded.

Source: 2000 Havana Survey.

was dominated by whites, to the almost complete exclusion of blacks and mulattos. Blacks and mulattos earned high incomes in the informal economy at rates nearly even with whites and by engaging in approximately the same types of activities. Whites (and to some extent mulattos) did appear to rely more on full-time informal activities than did blacks. This is reflected both in the proportion of individuals who stated that they were unemployed or a housewife and those who had no other income beyond their informal earnings. Informal activities, such as the provision of private services, the sale of homemade food or artisan products, or the sale of goods misappropriated from the workplace, were an important source of income for all racial groups, although only approximately a quarter of the population reported such activities.

Revisiting the income differentiation by racial group shown in table 2, the overrepresentation of blacks in the lowest earning category and their underrepresentation in the highest 10 percent category can be attributed to less access to the dollar (now convertible peso) economy, a condition that is consistent in every sector of the economy.

In addition to income and type of employment, higher education and its correlate, professional status, have served as a means for income mobility in the context of the mixed economy for the sample population. They therefore also make useful focal points for studying the status of Afro-Cubans.

EDUCATION AND INCOME

Are the gains in education by blacks and mulattos that were reflected in the 1981 census echoed among this sample population, or have they eroded after ten years of economic crisis and restructuring? In the 2000 Havana Survey, in the total sample of 666 adults aged 18–65, only 20 percent had a secondary education or less, while 34 percent had earned a technical degree, and an impressive 26 percent had earned a university degree (table 12).⁸

Table 12. Level of Education by Racial Category, Ages 18–65

Education Level	White		Mulatto		Black		Total	
	56%		25%		19%		100%	
Primary	19	5%	6	4%	7	6%	32	5%
Secondary	59	16%	17	10%	22	17%	98	15%
Certified training	24	6%	13	8%	10	8%	47	7%
High school	56	15%	21	12%	15	12%	92	14%
Technical degree	114	31%	65	38%	47	37%	226	34%
University degree	98	26%	47	28%	26	20%	171	26%
Total	370	100%	169	100%	127	100%	666	100%

Note: The head of household reported the level of education for each member of the household. To avoid historical biases, in which blacks and mulattos had less access to education than did whites, 64 adults aged 66 and older were excluded.

Source: 2000 Havana Survey.

Breaking these numbers down by racial categories, mulattos had the highest level of education, followed by whites and then blacks. The mulattos in the sample had a proportionally higher level of education than did the whites: 38 percent had technical degrees (versus 31 percent for whites), and 28 percent had university degrees (versus 26 percent for whites). Blacks in the sample had a higher proportion of technical graduates (37 percent) but a lower proportion of university degrees (20 percent). Combined, blacks and mulattos had approximately the same proportion of university graduates (25 percent) and a higher proportion of technical graduates (38 percent) than did whites, indicating that even ten years after the commencement of the Special Period, a racial parity in education remained.

With the weakened socialist economy and growing market intrusions, however, there is no longer a direct relationship between achieving a higher education and a professional job and earning enough money to satisfy material needs or desires. As reflected in the survey data, perceptions of these changes and their material manifestations vary by racial group (table 13). The majority of those surveyed (85 percent) concurred that having a professional job no longer guaranteed a good standard of living. Blacks, however, continued to see higher education and a professional job as a means to achieving a good standard of living at rates higher than whites or mulattos (19 percent versus 5 percent and 7 percent).

The continuing faith that higher education and professional status will lead to a higher standard of living is still consistent with higher salaries in the socialist sector of the economy, but has largely lost its relevance for access to the market or dollar sector of the economy. To evaluate the relationship between education and income and their

Table 13. Perceptions of Living Standard for Professionals, 2000, by Racial Category

	White		Mulatto		Black		Total	
True	8	5%	6	7%	13	19%	27	8%
False	155	91%	66	81%	50	75%	271	85%
Don't know	8	5%	9	11%	4	6%	21	7%
Total	171	100%	81	100%	67	100%	319	100%

Notes: The statement was worded as, "It is possible to have a good standard of living working as a professional in Cuba today."

A chi square test indicated that the categories of race and the answer to the question were significantly different at a 99% confidence interval ($P=.001$).

Source: 2000 Havana Survey.

varied outcomes according to racial group, this study compared the income of 149 university graduates in the sample (table 14).

The five income categories represent approximately the lowest, low-middle, upper-middle, upper, and highest 10 percent of all income earners in the sample. The highest income category (\$350–\$3,900) was achieved only by earning at least part of one's income in dollars, and can therefore be used as an indicator of which groups had access to the dollar economy through their employment. Table 14 indicates that while black university graduates consistently held positions that fell in the upper-middle and upper income categories, no black university graduate in this sample earned in the highest income category through official employment. In contrast, 10 percent of mulatto and 15 percent of white university graduates earned part of their salary in dollars, putting them in the highest income bracket. It is also instructive to see that only 31.5 percent (17 of 54) of the highest 10 percent of income earners were university graduates. These numbers go far to explain the common perception, reflected in table 13, that working as a professional no longer guarantees a comfortable standard of living in Cuba. Instead, people who earn dollars (now convertible pesos) as a formal or informal entrepreneur or through formal state employment in the market-oriented sector (tourism or direct contact with foreign investors), regardless of educational level or professional status, are forming a class of *nouveau riche* in Cuba.

Considering all forms of income (excluding remittances), the importance of education and professional status as an equalizing force becomes even less significant (table 15). Whereas 59 percent (88 of 150) of university graduates earned in the upper income category through their official state employment (table 14), they constituted only 37 percent (61 of 165) of all upper income and 24 percent (16 of 62) of the

Table 14. University Graduates' Annual Income from Salaried Employment, by Racial Category

Income from Official Salary (US\$ equivalents)	White n=85		Mulatto n=40		Black n=25		Total n=150		Total Population n=540	
\$60–\$99	1	1%	2	5%	0	0%	3	2%	54	10%
\$100–\$139	4	5%	5	13%	0	0%	9	6%	144	27%
\$140–\$186	20	24%	6	15%	7	28%	33	22%	147	27%
\$187–\$349	47	55%	23	58%	18	72%	88	59%	141	26%
\$350–\$3,900	13	15%	4	10%	0	0%	17	11%	54	10%

Adults 18–65, not including pensions.

Note: A chi square test indicated that the categories of race and income from official salary for university graduates in the categories above were significantly different at a 90% confidence interval ($P=.095$).

Source: 2000 Havana Survey.

highest 10 percent of earners when adding in self-employment and informal earnings (table 15). Education did seem to be a leveling factor across races for high income earnings when informal and self-employment income sources were included. While more whites (10 of 91) earned in the highest category, a few black university graduates (2 of 25) also reported high earnings (table 15); and university graduates from all three racial groups earned income in the two highest categories at approximately equal rates (tables 14 and 15). Although a university education did not guarantee access to the dollar economy through official employment, blacks with higher education seem to have been in a better position to capitalize on informal self-employment opportunities, which led to higher total incomes for this group when considering all income sources.

Blacks and mulattos in this sample show continued parity with whites in their education and in their professional status (as reflected in their state salaries in pesos). Black university graduates, more than either mulatto or white graduates, consistently earned relatively high incomes in the peso sector. Their lack of access to dollar income through their official salary, however, reflects the weakening of structural racial equality for blacks and mulattos. The educational gains of blacks and mulattos ultimately have not granted them access to the class of *nouveau riche*—those who earned significantly more in dollar bonuses than through their peso salaries.

Table 15. University Graduates' Annual Income from Salary, Self-Employment, and Informal Economy, by Racial Category

Income from All Sources, Excluding Remittances (US\$ equivalents)	White n=91		Mulatto n=40		Black n=25		Total n=156		Total Population n=611	
\$24–\$101	1	1%	2	5%	0	0%	3	2%	58	10%
\$102–\$158	6	7%	5	13%	0	0%	11	7%	141	23%
\$159–\$244	37	41%	17	43%	11	44%	65	42%	185	30%
\$245–\$719	37	41%	12	30%	12	50%	61	39%	165	27%
\$720–\$5,400	10	11%	4	10%	2	8%	16	10%	62	10%

Adults 18–65, not including pensions.

Source: 2000 Havana Survey.

REMITTANCES

The encouragement of remittances was a key element in the 1993–95 restructuring of the Cuban economy (Blue 2004; Monreal 1999b). In spite of its positive macroeconomic effects, the racially disproportionate nature of Cuban emigration has resulted in a direct connection between the Cuban state's dependence on remittances from abroad and rising racial inequality. While the white population in Cuba is commonly estimated to be around 35 percent (with 65 percent black and mulatto), 84 percent of the more than one million Cubans in the United States considered themselves white in the 2000 U.S. census (Inter-University Program for Latino Research 2004). This racial disparity helps determine which groups receive remittances and, in turn, which groups have direct access to the dollar economy.⁹

To measure remittances' impact on material inequality by race, this study tabulated which households receive remittances by race and then analyzed how this distribution translates into income differences and access to the dollar economy. Table 16 indicates the unequal receipt of remittances by race in Havana.¹⁰ A little more than one-third (51) of the 137 black and mulatto households in the total surveyed population had relatives living abroad. Many more white and mixed-race households had family members abroad: 64 and 51 percent, respectively. Thirty-four percent of all households surveyed received cash remittances. Breaking these numbers down according to race, a significant difference emerges in regard to which families received remittances and which did not. While 44 percent of the white and 35 percent of the mixed households received remittances, only 23 percent of the black households did.

Table 16. Households Receiving Remittances,
by Household Racial Composition

Household Race	Household Has Relative Abroad		Household Receives Remittances		Households Receiving Money from Emigrant Relatives	
White	102	64%	70	44%	160	69%
Mixed	19	51%	13	35%	37	68%
Black	51	37%	31	23%	137	61%
Total	172	51%	114	34%	334	66%

Note: Chi square tests indicated that the categories of race and receipt of remittances, and race and having relatives abroad were significantly different at a 99% confidence interval ($P = .001$ for both).

Source: 2000 Havana Survey.

Relatives of black households who had migrated were also slightly less likely to have sent remittances than were relatives of white or mixed households. As shown in table 16, while 69 percent of the white households received money from their relatives abroad, 68 percent of mixed households and 61 percent of black households received money. The smaller percentage of black emigrants who sent money home may reflect their more recent emigration; 83 percent of the emigrants from black households in the sample left between 1980 and 2000, compared to 74 percent of emigrants from white households over the same period.¹¹

Given what we know about the small percentage of black and mulatto Cuban emigrants in the United States (10–15 percent), the report that even 23 percent of black households in the 2000 Havana Survey receive money from abroad may seem high. These numbers reflect a bias among the surveyed population toward recent emigrants. (Seventy percent of emigrants reported in this sample left Cuba after 1980, compared to an estimated 37 percent of the total emigrants in the United States.) This is perhaps due to the tendency for early emigrants eventually to reunite their entire families abroad.¹² While it reflects a slow trend of increasing black and mulatto migration since 1980, the emphasis on family unification by both the U.S. and Cuban governments and a lack of migrant networks for Cuban blacks and mulattos have sustained this uneven outmigration by race. The data presented here confirm that black Cuban households are disadvantaged in their access to this easy and direct form of supplemental family income.

Tables 17 and 18 illustrate the contribution of remittances to income inequalities by race. Among the 334 households surveyed, there were no great differences in income (excluding remittances) by race (table

Table 17. Annual Household Income, Excluding Remittances
(US\$ equivalents)

	White n=157		Black n=136		Total n=329	
\$60–\$209	17	11%	14	10%	32	10%
\$210–\$369	42	27%	36	26%	87	26%
\$370–\$615	40	25%	41	30%	90	27%
\$616–\$1,500	38	24%	35	26%	87	26%
\$1,501–\$5,520	20	13%	10	7%	33	10%

Note: Categories do not total 100% because “mixed” households were excluded.
Source: 2000 Havana Survey.

Table 18. Annual Household Income, Including Remittances
(US\$ equivalents)

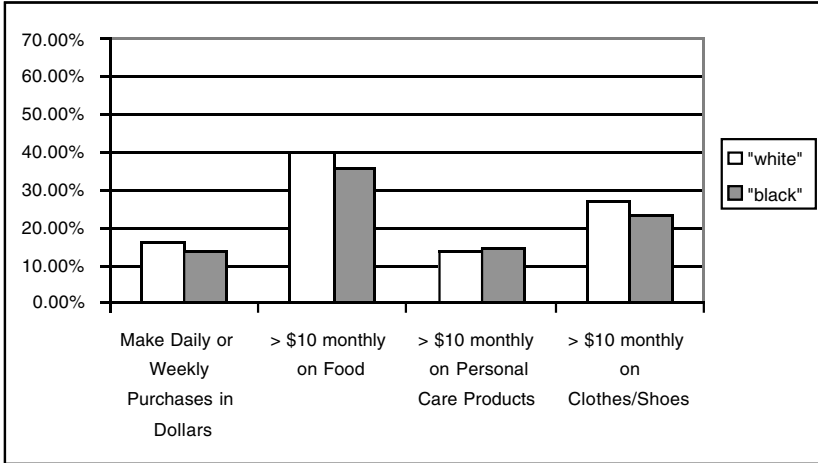
	White n=158		Black n=136		Total n=330	
\$60–\$209	12	8%	12	9%	24	7%
\$210–\$369	26	16%	29	21%	61	18.5%
\$370–\$615	37	23%	36	26%	81	24.5%
\$616–\$1,500	43	27%	40	29%	93	28%
\$1,501–\$6,015	40	25%	19	14%	71	21%

Notes: Categories do not total 100% because “mixed” households were excluded.
A chi square test indicated that the categories of race and annual household income (including remittances) of more than \$1,500 and \$1,500 or less were significantly different at a 95% confidence interval ($P = .012$). In contrast, the P value for the same categories in table 17 is equal to .291.
Source: 2000 Havana Survey.

17). Both black and white households had incomes that were similarly distributed throughout all five income categories, with a slightly higher percentage of white households (13 percent) than black households (7 percent) in the highest income category.¹³

When remittances are added to total annual household income, however, race becomes more significant (table 18). Proportionally, many more white households shifted from the lowest two income categories into higher income categories than did black households. Remittances helped more white (5) than black (2) households move out of the lowest 10 percent category (\$60–\$209 annually). These households were, in most cases, pensioners, one of the most vulnerable groups in the wake of Cuba’s economic restructuring. Many more white households (16) left the lower-middle income category (\$210–\$369) than did black households (7), with those gains reflected in the higher-middle

Figure 1. Expenditures in Dollar Stores by Household Racial Category

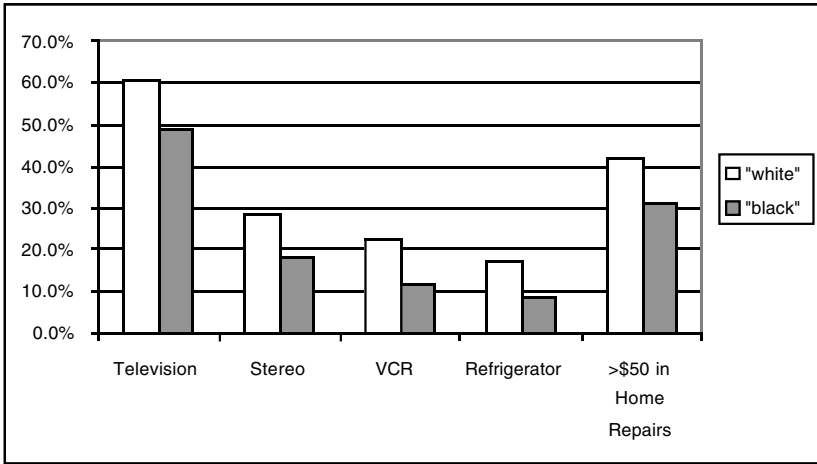


Source: 2000 Havana Survey

(\$616–1,500) and highest 10 percent income categories (more than \$1,500 annually). Remittances shifted 13 percent (20) of the white households and only 7 percent (9) of the black households into the highest 10 percent category. Accounting for remittances together with earned income, an entire 25 percent of the white households were in the highest 10 percent category, while only 14 percent of black households reached this category. Thus, while clearly helping all households that receive them, remittances do appear to be an important source of income inequality by race for this sample population.

When comparing levels of consumption, as reflected in purchases in the dollar stores and money spent on home repairs across racial groups, another aspect of the unequal impact of remittances becomes apparent. Although there was almost no difference in household income before considering remittances among racial groups, there were large differences in what major purchases households were able to make. While there were few to no differences in the amount of money spent monthly on food, clothes, and personal care items (figure 1), greater differences appeared among households that had made major domestic purchases, including spending on home repairs (figure 2). White households were more than 10 percent likely to have bought a new television, stereo, VCR, or refrigerator, and to have spent more than \$50 on home repairs in the past four years than were black or mulatto households. The purchases of these expensive electrodomeestic items in many cases were made possible by remittance dollars, as their U.S. prices put them well out of range of what an average salary can buy in Havana.

Figure 2. Major Purchases by Household Racial Category



Source: 2000 Havana Survey

As these data indicate, the material advantages accrued by families that received money from abroad are especially apparent in the analysis of differential consumption by race. Although income levels were more or less even across racial groups before remittances, white households outspent black households in dollar stores and in the purchase of major household appliances. On the local scale, remittances are contributing to unequal levels of consumption—a concrete measure of access to the new market-based economy.

At the household level, remittances were not perceived as a source of resentment among neighbors and friends or as a major source of inequality. The individual interviews asked if those people without relatives abroad or remittance income in general felt resentment toward those who received this easy and direct form of aid. The questions then referred to the historically disproportionate number of white Cuban emigrants, and asked if the interviewee felt that remittances were contributing to increasing racial inequalities. Across the board, none of the 12 people interviewed in depth felt that remittances were a source of resentment between neighbors; nor had they contemplated the possibility that remittances might be contributing to racial inequality. Resentment was expressed, instead, toward those who work in the market-based sector of the economy and earn large amounts of money.

Although the data clearly show that remittances did lead to a substantial difference in income among the households in the sample, there is a great difference between a new television or occasional home repairs that \$425 (the median annual amount of remittances received by

the sample households) would buy, and the new home, car, or expensive watch acquired by the *nouveau riche*, who may earn \$300 or more a month.¹⁴ Receiving help from family abroad was expected and not something to be resented, whereas obtaining new social status and “forgetting your friends” was not pardoned.

CONCLUSIONS

Blacks (and mulattos, but especially blacks) are losing ground on several economic fronts, not just from the uneven receipt of remittances from abroad. While more blacks continue to have faith in higher education as a means of acquiring a higher standard of living, their university degree does not guarantee access to the market-oriented economy—which acts as admission to a privileged lifestyle and social standing in contemporary Cuba. White Cubans in the 2000 Havana Survey consistently had more access to the hard currency sector of the economy, especially through state employment bonuses and self-employment. Access to jobs that pay in dollars (now convertible pesos), through official or permitted contact with foreign tourists or business persons, has been limited mostly to whites, as reflected in individual state salaries. While many black households did gain access to the dollar economy through informal means, they did so at rates even with those of white households. Black households therefore could not be characterized as making up the difference (of not accessing dollars in the formal sectors of the economy) through the informal sector.

Even while remittances have helped to provide a comfortable standard of living for a large number of Cuban households, they have also led to an increasing material inequality in contemporary Cuba, especially along racial lines. Given the extremely unrepresentative racial composition of Cuban emigrants, which favors whites over blacks or mulattos to the extent that 84 percent of Cubans in the United States identify as white, remittances are clearly reinforcing a pattern of racial differentiation in access to the new capitalist consumer culture. For the sample population, remittances did actually contribute to racial differentiation in income equality. The historically disproportionate number of white Cuban emigrants has narrowed the potential for an important source of income for black Cuban households.

The experiences of individuals from 334 households in the 2000 Havana study indicates that the structural means through which racial discrimination was virtually eliminated through equal access to education and employment, and which brought income levels closer to equality according to educational level in Cuba, regardless of racial group, has lost its equalizing force. Ongoing racial prejudices, which in earlier decades were perhaps mild barriers to qualified Afro-Cubans in rising to

higher socioeconomic status, now have real material consequences in the form of uneven access to the dollar economy. White Cubans, who never completely lost their racial privilege in more than 40 years of the revolution, are once again able to use their status in Cuba's racial hierarchy to obtain scarce positions in the new and profitable hard currency sector of the economy.

The truly impressive gains in racial equality during the first three decades of the revolution were achieved through the elimination of capitalist economic mechanisms and their replacement by socialist mechanisms. In its profound rejection of capitalist socioeconomic privilege (foreign and domestic) and an early commitment to eliminating racial discrimination, the socialist revolution provided a unique opportunity for Afro-Cubans to improve their socioeconomic status in relation to white Cubans. An overall trend toward heightened equality resulted in major gains in education, professional status, and income equality by blacks and mulattos during those 30 years.

The restructuring of the economy that began in 1993 subtly undermined many of those gains, leaving the revolutionary goal of racial equality unfulfilled. Afro-Cubans' limited access to the hard currency sector of the economy, due to subtle racial discrimination in hiring in that sector and historical disadvantages in inherited wealth that can now be used to generate income, has made them particularly vulnerable. No longer can black and mulatto Cubans depend on increasing their education and professional status as a guarantee to attaining a higher income and socioeconomic status.

The reintegration of the Cuban economy into the capitalist world system has serious implications for racial equality in Cuba. The circulation of foreign capital in the domestic economy, which has brought new opportunities for significant individual material gain, has eroded the major gains in racial equality that were based on structural changes in the socialist economy. The government, in its ongoing commitment to social justice, has maintained its social safety net (free and universal health care, education, and social security) and has protected vulnerable groups through colorblind programs that identify and provide aid for those at highest risk, such as pregnant women, the very young, and the elderly (Uriarte 2002). Identification of a growing "race problem," however, has not yet made its way into public discourse. The continued reliance on structural means to "solve" the race problem has denied Afro-Cubans a means of legal recourse against the new (and enduring) forms of racial discrimination that have entered Cuban society along with market-based reforms.

The government's reliance on remittances to restore the economy's balance of payments has ultimately compromised its commitment to socioeconomic equality at the household level. The continued color-

blind structural approach to redistributing wealth in Cuban society ignores important biases at both the international level (racial discrimination in hiring in the tourist industry) and the household level (whites' receiving more remittance income than blacks or mulattos). Having fewer emigrant relatives translates into fewer remittances and uneven access to the dollar economy, which, in turn, reinforces previous patterns of racial inequality that 30 years of socialist revolution have not fully erased. Reliance on colorblind socialist structural mechanisms to maintain social equality has failed to address the rising racial inequality associated with Cuba's reintegration into the capitalist world economy.

APPENDIX: RESEARCH DESIGN AND METHOD

In December 2000 the author led a team of Cuban researchers in conducting a household-level survey in Havana (the 2000 Havana Survey), from which detailed demographic, family migration, and individual earnings information was gathered for each member of the household from 334 household heads. To complement the data gathered in the survey, 12 in-depth interviews were conducted during the summer of 2001.

To address the inherent tendency to underreport income and informal activities, the questionnaire for the 2000 Havana Survey was designed to be administered only to individuals with whom the interviewer had *confianza* (confidence). Conducting the anonymous survey through the interviewers' *socio* networks increased the likelihood of recording truthful and accurate information on topics such as informal economic activity, racial attitudes, migration, and remittance history; this was information that was public knowledge among friends. The 334 households that make up the sample population therefore represent the neighbors, friends, and associates of the ten Cuban research assistants, who gathered the data under the author's supervision. The research assistants included five men and five women of professional or technical background who did not share family, social, or professional networks. The surveyed population is somewhat biased toward middle- to lower-middle-status neighborhoods (that is, Cotorro, Alamar, and Centro Habana) and to a higher-educated population (see note 8).

These survey data are not a random sample and cannot be said to represent the population of Cuba or Havana. Nevertheless, the sample size is large enough to indicate patterns that may be occurring on a larger scale. The data provide a glimpse of the effects of weakened socialist programs and the tentative market opening on racial equality in Havana.

NOTES

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1. Batista ruled as the de facto dictator of Cuba for six years (1934–40) before becoming the elected president in 1940. He then surprised the nation by leaving office peacefully after his defeat in an open election in 1944. Losing a popular election in 1952, Batista later regained the presidency by force via a military coup (Blackburn 1989). During his second term in power (1952–58), blacks and mulattos in the military experienced significant mobility, replacing the previous white army elite. Batista's attempts to separate the black masses from the revolutionary struggle only partly succeeded; blacks were represented at all levels in the revolutionary forces that took over the country in 1959 (Casal 1989).

2. Remittances, as part of total household income, will be considered separately.

3. Pensioners, housewives, and the unemployed (who lose their compensation if they register a business) are the primary groups authorized to become self-employed (Mesa-Lago 2000, 298). State employees may be legally self-employed in their free time if they have a good labor record.

4. All peso earnings were converted to U.S. dollar equivalents using a 20:1 exchange rate. While self-employment and informal earnings are most often approximations of monthly earnings, state earnings from salary or pensions are fixed and more accurate.

5. The chi square P value is indicated for tables 2, 3, 6, 8, 13, 14, and 16. In tables 4, 9, 10, 12, and 15, the intent is to show a more even distribution, and therefore the corresponding high (not statistically different at a 90 percent confidence interval) P values for each table are not listed.

6. Not all respondents listed their race, lowering the numbers shown in tables 4 and 6.

7. These differences by race were not, however, statistically different. A chi square test of race and type of informal activity (combining "sale of misappropriated goods" and "other") resulted in a P value of .701.

8. This sample population has a higher level of education than does the population at large. This is most probably attributable to a selection bias among the interviewees. Conversations with the Cuban interview assistants revealed that they had tended to seek out people who they felt could provide well-informed opinions on the survey questionnaire.

9. As of June 1, 2004, the U.S. government implemented further restrictions on remittances to Cuba. Although the previous limit of \$300 every three months per U.S. resident was retained, the permitted categories of persons to whom a U.S. resident can legally send money were restricted to only immediate relatives. Travel to Cuba was also limited further: the new policies limit legal visits by Cuban Americans to one visit every three years, with a two-week maximum stay, and exclude visits to extended family. (The previous limits were once a year with a three-week maximum stay). It is difficult to measure the impact

these policies have had on the receipt of remittances, as much of the remittance flow to Cuba is through third countries or otherwise unrecorded. These policies could affect the 10 percent surcharge Cuba requires to convert dollars to pesos; but any change would affect all remittance receivers equally, so the impact of remittances on racial equality in income is unlikely to change.

10. To compare the receipt of remittances across racial groups, the survey assigned each household a "household race" of white, mixed, or black, similar to the groupings assigned to individuals. Race was self-reported in the survey by the interviewee, and reported by the interviewee for all other members of the household. Any household with only white or *trigueño* members was classified as a white household. A household with only black or mulatto members (mixed, mulatto, *jabao*, or black) was categorized as black, and a household reporting a mix of white (white or *trigueño*) and black or mulatto (*mestizo*, *mulato*, *jabao*) was classified as mixed. The sample 334 households comprised 158 (47 percent) white, 39 (12 percent) mixed, and 137 (41 percent) black households.

11. Data from 2000 Havana Survey, not shown in table. The probability that a relative will send remittances is strongly associated with income earned, which, in turn, is associated with education, ability to speak English, and number of years abroad (Díaz-Briquets and Pérez-López 1997).

12. A total of 249 migrants were identified by their relatives in the 2000 Havana Survey. Thirty percent (57) migrated before 1980, and 70 percent (192) migrated in 1980 or later. When compared to approximations of the number of Cubans who have migrated in distinct cohorts since 1959, the sample reflects a bias toward more recent migrants. According to a recent estimate of Cuban emigration from 1959 to 1997, 66 percent (678,757) migrated between 1959 and 1979, and 37 percent (379,938) migrated between 1980 and 1997 (Díaz Fernández and Aja Díaz 1998).

13. The greater parity of household incomes by race than the individual incomes discussed above is explained by the exclusion of adults aged 65 and older from the individual calculations. Of the 334 households, 68 households included one or more adults aged 65 or older: 37 white households (23 percent of all white households) and 25 black households (18 percent of all black households). Of these, more white households (14, or 38 percent) than black households (5, or 20 percent) had only one working adult (including one white household comprised of two elderly adults and a teenage grandson), resulting in more white households in the two lowest income categories than appeared in comparisons of individual income.

14. New homes or cars are not legally available for purchase in Cuba (they may be attained through one's workplace or as a privilege given to those who complete volunteer work abroad). However, the exchange of these commodities does occur illicitly through black market transactions.

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